GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:6086
ANSWERED ON:27.04.2001
INTEREST RATES OF NABARO
GADDE RAMAMOHAN

Will the Minister of FINANCE be pleased to state:

(a) whether the attention of the Union Government has been drawn to the statementof The National Co-operative Agricultural and Rural Development Banks Federation` thatthe farm sector will crumble, if the Government does not come up with a rehabilitation package for it and NABARD slashes its interest rate;

(b) whether the capital formation in farm sector has dwindled from 15 to 5 percent in the last 15 years; and

(c) if so, the reaction of the Government thereto?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL):

(a) No, Sir, no such statement has come to notice.

(b) and (c) The gross capital formation (GCF) in agriculture sector at 1980-81 pricesas a percentage to the total GCF declined from the range of 14.14 percent during the early eighties to 9 percent in the late nineties. In order to correct the declining trend in the capital formation in the public sector, Government have initiated various measures. These include (i) setting up of the Rural Infrastructure Development Fund (RIDF) in NationaBank for Agricultrue and Rural Development (NABARD); (ii) A Fund has been set up in NABARDfor promoting Watershed Development in dryland areas to the extent of Rs. 200 crores;(iii) Government have also introduced a Capital Investment Subsidy Scheme for constructionof cold storages and godowns in rural areas. In addition, various other measures taken by Government, Reserve Bank of India and National Bank for Agriculture and Rural Developmenthave enabled a substantial increase in the growth rate of flow of agricultural credit at the grassroot level. The ground level investment credit increased from a level of Rs. 9413 crore in 1996-97 to Rs. 15750 crore in 1999-2000 and the same is estimated at Rs. 18804 crore for the year 2000-2001.